

made available in a fiscal year is insufficient to make those allotments, the Corporation will make additional funds available from the 25 percent described in paragraph (b)(1) of this section for that fiscal year to make those allotments.

(3) For the purpose of paragraph (b) of this section, “State” means one of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

(c) If a State or Indian tribe does not submit an application that meets the requirements for approval under this part, the Corporation (after making any grants to local partnerships or LEAs for activities in nonparticipating States) may use its allotment for States and Indian tribes with approved applications, as the Corporation determines appropriate.

(d) Notwithstanding other provisions of this section, if less than \$20,000,000 is made available in any fiscal year to carry out this part, the Corporation will make all grants to States and Indian tribes on a competitive basis.

Subpart G—Funding Requirements

§2516.700 Are matching funds required?

(a) Yes. The Corporation share of the cost of carrying out a program funded under this part may not exceed—

(1) Ninety percent of the total cost for the first year for which the program receives assistance;

(2) Eighty percent of the total cost for the second year;

(3) Seventy percent of the total cost for the third year; and

(4) Fifty percent of the total cost for the fourth year and any subsequent year.

(b) In providing for the remaining share of the cost of carrying out a program, each recipient of assistance must provide for that share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services, and may provide for that share through State sources, local sources, or Federal sources (other than funds made available under the national service laws).

(c) However, the Corporation may waive the requirements of paragraph (b) of this section in whole or in part

with respect to any program in any fiscal year if the Corporation determines that the waiver would be equitable due to a lack of available financial resources at the local level.

§2516.710 Are there limits on the use of funds?

Yes. The following limits apply to funds available under this part:

(a) (1) Not more than five percent of the grant funds provided under this part for any fiscal year may be used to pay for administrative costs, as defined in §2510.20 of this chapter.

(2) The distribution of administrative costs between the grant and any subgrant will be subject to the approval of the Corporation.

(3) In applying the limitation on administrative costs the Corporation will approve one of the following methods in the award document:

(i) Limit the amount or rate of indirect costs that may be paid with Corporation funds under a grant or subgrant to five percent of total Corporation funds expended, provided that—

(A) Organizations that have an established indirect cost rate for Federal awards will be limited to this method; and

(B) Unreimbursed indirect costs may be applied to meeting operational matching requirements under the Corporation’s award;

(ii) Specify that a fixed rate of five percent or less (not subject to supporting cost documentation) of total Corporation funds expended may be used to pay for administrative costs, provided that the fixed rate is in conjunction with an overall 15 percent administrative cost factor to be used for organizations that do not have established indirect cost rates; or

(iii) Utilize such other method that the Corporation determines in writing is consistent with OMB guidance and other applicable requirements, helps minimize the burden on grantees or subgrantees, and is beneficial to grantees or subgrantees and the Federal Government.

(b) (1) An SEA or Indian tribe must spend between ten and 15 percent of the grant to build capacity through training, technical assistance, curriculum